

Message Text

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42

ACTION EA-10

INFO OCT-01 NEA-09 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

FRB-03 XMB-02 IGA-01 OFA-01 /103 W

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R 142347Z MAY 75

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 031

INFO AMEMBASSY TEHRAN

LIMITED OFFICIAL USE SEOUL 3378

E.O. 11652: N/A

TAGS: ENGR, KS, IR

SUBJECT: KOREA-IRAN NEGOTIATIONS ON OIL REFINERY

REF: SEOUL 3163

SUMMARY: HEAD OF NATIONAL IRANIAN OIL COMPANY ANNOUNCED THAT JOINT VENTURE REFINERY IN KOREA BEING STUDIED. ACCORDING TO ROK MINISTRY OF COMMERCE AND INDUSTRY, EXTERNAL BORROWING OF 164 MILLION DOLLARS WILL BE NEEDED TO FINANCE PROJECT. END SUMMARY.

1. AT COMPLETION OF WEEK-LONG VISIT TO KOREA, DR. MANOUTCHEHR EGHBAL, PRESIDENT OF NATIONAL IRANIAN OIL CO. (NIOC), ANNOUNCED ON MAY 10 THAT KOREA AND IRAN HAVE LAUNCHED STUDY OF A JOINT REFINERY IN KOREA TO BE SUPPLIED BY CRUDE OIL FROM IRAN AND LATER EXPANDED TO INCLUDE A PETROLEUM INDUSTRY. THIS WOULD BE KOREA'S FOURTH REFINERY. GULF OIL INFORMATION, REPORTED REFTEL, INDICATED REFINERY WOULD BE TIPPING OFF PLANT WITH 50 TO 60 THOUSAND BPD CAPACITY. ROK MINISTRY OF COMMERCE

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AND INDUSTRY (MCI) SUBSEQUENTLY GAVE US FIGURE OF 60 TO 100

THOUSAND BPD CAPACITY AND INDICATED CONSTRUCTION COST WOULD BE 200 MILLION DOLLARS. OF THIS, ONLY 36 MILLION DOLLARS WOULD BE EQUITY, TO BE INVESTED EQUALLY BY NIOC AND THE SSANGYONG GROUP, A KOREAN CONGLOMERATE. REMAINING 164 MILLION DOLLARS, ACCORDING TO MCI, WOULD HAVE TO BE BORROWED FROM UNSPECIFIED SOURCES ABROAD.

2. PRESS REPORTED THAT IN ADDITION TO OIL REFINERY ROK HAD PLANNED TO DISCUSS OTHER PROJECTS WITH DR. EGHBAL, INCLUDING A RAILWAY CAR PLANT, TILE FACTORY, AND TEXTILE PLANT. NO MENTION OF PROGRESS IN THESE NON-PETROLEUM AREAS WAS MADE BY DR. EGHBAL OR ROK SPOKESMEN. HOWEVER, PRESS REPORTED THAT HEAD OF ROK OFFICE OF FISHERIES WILL VISIT IRAN IN LATE MAY TO DISCUSS WITH PERSIAN GULF FISHERIES CORPORATION THE ESTABLISHMENT OF JOINT FISHERY VENTURE AND PROVISION OF KOREAN TECHNICAL ASSISTANCE TO IRAN FOR DEVELOPMENT OF COASTAL AND OCEAN FISHERIES.

SNEIDER

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Message Attributes

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